

Rising Alexandria property values may result in higher taxes

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Average property values in Alexandria rose more than 15 percent in this year's assessment, meaning homeowners face a hefty tax hike if the city does not reduce payment rates in the upcoming budget.

The city's new valuations increased the average assessment from \$215,523 in 2001 to \$248,563 in 2002, a 15.33 percent increase.

Property owners of the city's 35,864 residences will have to wait until the city's proposed fiscal 2003 budget is released March 12 to determine the potential impact on their tax bills. In 2001, the city's tax rate was \$1.11 per \$100 of assessed property value. Based on that rate, the increased assessments would boost the tax bill on the average home by \$367.

Among residences, the city's 15,484 condominiums have increased in value the most with a jump of 17.22 percent, the first double-digit increase for such units since 1989 when assessments jumped by 12 percent, said Mark Jinks, assistant city manager for financial affairs. The assessed value of a condominium increased from \$115,721 in 2001 to \$135,648 in 2002.

Jinks said the significant increases seen this year are unlikely to continue.

"The assessments tell us what happened last year," Jinks said Wednesday. "These things are cyclical. Increased demand for housing, a shrinking supply and the interest rates drops have pushed the market up substantially. We know the cycle is not sustainable."

The average assessed value of an existing single-family home, including town houses, increased 14.78 percent, from \$290,436 in 2001 to \$333,362 in 2002. Alexandria has 20,380 such residences.

New single-family home construction totaled \$56.1 million in 2001, and new residential condominium construction totaled \$49.4 million, for a total of \$105.5 million.

Overall, the value of Alexandria's residential real property tax base increased 17.42 percent, from \$7.57 billion in 2001 to \$8.89 billion in 2002.

For the second year, Alexandria has mailed assessment notices in mid-February rather than mid-March when the city's proposed budget is released.

According to city documents, the overall assessed value of real property - including both locally assessed real property and state-assessed public service corporation properties - increased 11.21 percent, from \$14.63 billion in 2001 to \$16.27 billion in 2002.

More than 19 percent of the increased value is the result of new construction, said Richard Sanderson, Alexandria's director of real estate assessment.

"This overall increase reflects the health of the Alexandria economy, and the continued demand for both rental and owner-occupied housing in the city and other urban jurisdictions close to the District of Columbia," Sanderson wrote in a memorandum to the Alexandria City Council and Sunderland.

Of the \$1.64 billion increase in the overall real property base, 80.5 percent is due to the appreciation of existing, and the construction of new, residential property including houses, town houses, row houses and condominiums, he said.

The remaining \$320.7 million, or 19.5 percent, is attributable to the appreciation of existing, and the construction of new, commercial property such as apartments and of public service corporation property, which is assessed by Virginia state officials.

The residential real property tax base represents 54.7 percent of the city's total 2002 real property tax base.

The average assessed value for existing locally assessed commercial property increased 3.55 percent, from \$1.75 million in 2001 to \$1.81 million in 2002. The average assessed value of an existing multifamily rental property increased at a rate of 11.25 percent. The average assessed value of an existing office, retail and service property increased at a rate of 1.58 percent.

While general commercial, office properties and warehouses increased about 3 percent, the assessed values for shopping centers dropped an average of 1.19 percent and hotels declined 10.64 percent. Vacant land declined 6.62 percent as a result of the assessment review and appeal process last year.

New commercial construction includes \$73.2 million in new office, retail and service construction, \$102.2 million in multifamily rental apartment construction and \$34.4 million in site improvements and infrastructure construction at several commercial sites, for a total of \$209.8 million in new commercial construction.

Real estate assessment information is available on the city government's Web site at www.ci.alexandria.va.us, including the current year 2001.

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